
Office of Procurement

MISSION STATEMENT

The mission of the Office of Procurement is to preserve the public trust and ensure the integrity of the County's procurement process through the efficiency and effectiveness of the procurement of goods, services, and construction in accordance with best practices, resulting in the highest value for County government and its residents.

As a cabinet-level department, the Office of Procurement will ensure compliance by all departments with procurement-related laws, regulations, policies and recognized best practices. The Office of Procurement will focus on identifying opportunities for process efficiencies that can result in reduced lead times, increased accessibility, and improved compliance and accountability by County departments. It will liaise with all county departments and outside agencies conducting public contracting and provide policy implementation guidance and assistance regarding Executive contracting goals. Externally, businesses and other organizations will observe the priority placed on this function for both accountability and accessibility to government contracting.

County Government Reorganization

In December 2014, the County Executive announced a Six Point Economic Development Plan which includes the creation of the Office of Procurement in order to improve effectiveness, customer service, accessibility, and efficiency. As part of this plan, the Office of Procurement was created to provide more emphasis on procurement programs and better focus its efforts on improving the inclusion of currently underserved sectors of the business community. The new Office of Procurement will include Procurement Services, Procurement Operations, and Business Relations and Compliance which were previously housed in the Department of General Services.

BUDGET OVERVIEW

The total approved FY16 Operating Budget for the Office of Procurement is \$4,181,749, an increase of \$4,181,749 from the FY15 Approved Budget of \$0. Personnel Costs comprise 89.9 percent of the budget for 33 full-time positions and two part-time positions, and a total of 32.90 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 10.1 percent of the FY16 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **A Responsive, Accountable County Government**
- ❖ **Strong and Vibrant Economy**

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 approved budget and funding for comparable service levels in FY17.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ - **Awarded 2014 National Procurement Institute's Achievement of Excellence in Procurement award.**

Contract Administrator Resources

- **The Office of Procurement hosted Contract Administrator Forums for knowledge enrichment and contract administrator enhancement through discussions, lectures, problem-solving exercises, and practical interactive sessions. Sessions included Navigating the Contract Committee Review (CRC) Process.**
- **Developed CRC guidelines and checklists for contract administrators.**
 - **Conducted several Contract Administrator Overview modules sessions in partnership with the Office of the County Attorney.**

❖ **Conferences/Outreach**

- **Organized and served as Moderator for the govConNet Montgomery County Government Panel, which provided businesses with an overview of the County's sustainable practices and initiatives.**
- **Promote environmentally preferable purchasing at Maryland Green Purchasing Legislative Day.**
- **Participated in the Maryland Public Purchasing Association, Inc.'s Regional Public Purchasing Conference and Products Exposition.**
- **Participated in the Department of Economic Development's Women's Power Conference, "What You Need to Know About the Procurement Process".**
- **Collaborated with the Department of Economic Development and the Office of Business Relations and Compliance on other outreach events and conducted one-to-one vendor meetings to navigate the procurement process.**

❖ **Multi Departmental Initiatives**

- **Coordinated contracting efforts and resource sharing among departments in need of medical/dental supplies, pharmaceuticals, and medical equipment to benefit from better volume pricing.**
- **Member of the Rewarding Excellence Technical Advisory Panel which is responsible for reviewing cost savings proposals by employee teams.**

❖ **Business Relations and Compliance**

- **Contracted \$147 million to Minority, Female, and Disabled Owned Business Program vendors, 20% of eligible spending in FY14.**
- **Contracted \$97 million to Local Small Business Reserve Program vendors, 24.6% of eligible spending in FY14.**
- **Hosted and participated in 20 outreach events in FY14 to promote the Minority, Female, and Disabled Owned Business and Local Small Business Reserve Programs.**
- **Work with chambers of commerce and vendor councils to provide technical assistance.**
- **Offer one-on-one consulting (15 vendors/month) for local, small or minority businesses on capacity building, contract compliance, procurement processes, proposal writing, etc.**
- **Monitored 104 Construction Projects for Prevailing Wage Compliance in FY14, and monitored a total of 1.5 million work hours on construction job sites.**
- **Continue to improve the Central Vendor Registration System (CVRS) to be the one stop portal for vendors to register/get certified, search, connect and browse solicitation lists on all County agencies.**

PROGRAM CONTACTS

Contact Pam Jones of the Office of Procurement at 240.777.9911 or Erika Lopez-Finn of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Procurement Operations

The core components of this program are to purchase goods, services, and construction required by County departments in the most timely and cost-effective manner possible. Program staff assists departments in the development of procurement strategies and documents to ensure a competitive, transparent, and fair procurement process in accordance with the County Code and the Procurement Regulations. Program staff also educates vendors about the County's procurement process and procedures.

Procurement staff also provides County departments with training, assistance and guidance of department contract administrators. Procurement works collaboratively with the Office of Business Relations and Compliance, the Office of Community Partnerships and other departments to build relationships with Montgomery County. Procurement Specialists develop contract administration procedures and research, review, and recommend revisions to County procurement policies and regulations to streamline the procurement process. In addition, testimony and other evidence regarding claims and contract disputes with contractors are reviewed to resolve issues.

Procurement staff participates with local, state, and national procurement purchasing associations to promote and teach continuing procurement education and learning credits; latest industry trends; latest source selection methods; and cooperative purchases. Also, staff participates in and leads recognized professional purchasing organizations at the local, state, and national levels.

The information technology staff provides material and support to develop and maintain information systems in support of the Department's business operations. This includes purchase and maintenance of information technology (IT) equipment, service and support for major end use systems on a County-wide basis. IT management of applications, databases, systems, and department website design and maintenance is included in this program as well as coordination with the County Department of Technology

Services.

Program Performance Measures	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Percent of Procurements Completed in Agreed Upon Time ¹	81.0	84.0	79.0	79.0	79.0

¹ This figure represents the average for the following: Invitation for Bid - 73%; Request for Proposals - 84%; and Construction: 96% for FY14.

FY16 Approved Changes	Expenditures	FTEs
FY15 Approved	0	0.00
Shift: Division of Procurement from the Department of General Services	2,883,371	26.00
Increase Cost: Director, Office of Procurement	244,400	1.00
Technical Adj: shift 1.1 FTE to DGS General Fund to properly reflect chargebacks	0	-1.10
Decrease Cost: Computer Rentals	-5,000	0.00
Decrease Cost: Turnover Savings from Retirements and Under-filling Positions	-123,350	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	49,608	-2.50
FY16 Approved	3,049,029	23.40

Notes: Under DGS the 3 FTEs and \$255,183 personnel costs were previously housed under Procurement. With Procurement as its own entity, Procurement Services and Procurement Operations were created as separate programs which shifted 3 FTEs from Procurement Operations to Procurement Services.

Business Relations and Compliance

The mission of the Office of Business Relations and Compliance (OBRC) is to plan and implement programmatic strategies to expand business opportunities for minority, female and disabled business owners and Montgomery County small businesses. The office administers the County's Living and Prevailing Wage programs as well as the Domestic Partner Benefits Law for service and construction contracts. The OBRC is solely responsible for ensuring County government contracting compliance with the socio-economic laws, programs, and policies of the County.

- **Minority, Female and Disabled Persons (MFD):** The MFD program objectives focus on ensuring that contracts awarded by Montgomery County include equitable participation by certified minority, female, or disabled-owned businesses. In addition, the program identifies MFD firms; encourages and coordinates their participation in the procurement process through community outreach and internal seminars; and monitors contracts subject to MFD participation to ensure compliance.
- **Local Small Business Reserve Program (LSBRP):** The Local Small Business Reserve Program ensures that County departments award a minimum of 20 percent of total eligible contract dollars issued for goods, services or construction to registered local small businesses. The program certifies local small businesses that meet the requirements set by law, assists County departments to identify contracting opportunities and solicitations appropriate for LSBRP competition, and provides training and networking to help local small businesses compete with businesses of similar size and resources for County contracts strengthening in the local small business sector.
- **Living Wage:** The Living Wage Law program ensures that County contractors and subcontractors pay employees a "living wage" in compliance with the annually adjusted rate established by the Montgomery County Wage Requirements Law.
- **Prevailing Wage:** The Prevailing Wage program ensures that contractors and subcontractors performing construction services over \$500,000 pay prevailing wages, as established by the Maryland State Commissioner of Labor and Industry for the Montgomery County region.
- **Domestic Partner Benefits:** The Domestic Partner Benefits program ensures the County's contractors or subcontractors, as employers, provide the same benefits to an employee with a domestic partner as provided to an employee with a spouse.

Program Performance Measures	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Business Relations and Compliance: small, local business percentage of contract dollars	25	25	25	25	25
Percent of Contract Dollars Awarded to Minority/Female/Disabled owned businesses	20	20	20	20	20
Value of County contracts awarded to local small businesses (\$000)	96,750	96,271	70,000	70,000	70,000

FY16 Approved Changes	Expenditures	FTEs
FY15 Approved	0	0.00
Shift: Business Relations and Compliance from the Department of General Services	816,738	5.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	98,080	0.50
FY16 Approved	914,818	5.50

Notes: This figure also includes approximately \$285,000 in operating expenses that shifted from the Department of General Services.

Procurement Services

The Procurement Services Section provides for departmental direction, oversight and support for the Contract Review Committee, analysis, budget preparation and monitoring. This Section also manages contract scanning activities for documents, contracts and subsequent contract actions, manages archiving/retrieval of procurement related actions and in compliance with archiving standards, provides departmental customer service assistance, and manages the development of Contract Administrator Forums. Additionally, it centrally coordinates departmental training and tracking including national certifications and re-certification, expenditure control, escrow management, human resources activities, management of departmental knowledge based articles and 311 service requests, and coordination of interpreter services for departmental activities or customer needs.

FY16 Approved Changes	Expenditures	FTEs
FY15 Approved	0	0.00
Shift: Management and Budget Specialist III from Department of General Services	160,987	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	56,915	3.00
FY16 Approved	217,902	4.00

Notes: Procurement Services received 3 FTEs and \$255,183 in personnel costs from Procurement Operations and one Management and Budget Specialist from the Department of General Services. The program also includes associated operating expenses.

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Approved FY16	% Chg Bud/App
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	2,778,984	—
Employee Benefits	0	0	0	980,403	—
County General Fund Personnel Costs	0	0	0	3,759,387	—
Operating Expenses	0	0	0	422,362	—
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	0	0	0	4,181,749	—
PERSONNEL					
Full-Time	0	0	0	33	—
Part-Time	0	0	0	2	—
FTEs	0.00	0.00	0.00	32.90	—

FY16 APPROVED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
Other Adjustments (with no service impacts)		
Shift: Division of Procurement from the Department of General Services [Procurement Operations]	2,883,371	26.00
Shift: Business Relations and Compliance from the Department of General Services [Business Relations and Compliance]	816,738	5.00
Increase Cost: Director, Office of Procurement [Procurement Operations]	244,400	1.00
Shift: Management and Budget Specialist III from Department of General Services [Procurement Services]	160,987	1.00
Increase Cost: Bill 14-14: Health Insurance implementation costs	101,468	1.00
Increase Cost: FY16 Compensation Adjustment	97,574	0.00
Increase Cost: Retirement Adjustment	25,392	0.00
Increase Cost: Group Insurance Adjustment	9,619	0.00
Technical Adj: shift 1.1 FTE to DGS General Fund to properly reflect chargebacks [Procurement Operations]	0	-1.10
Decrease Cost: Printing and Mail Adjustment	-3,176	0.00
Decrease Cost: Computer Rentals [Procurement Operations]	-5,000	0.00
Decrease Cost: Annualization of FY15 Personnel Costs	-26,274	0.00
Decrease Cost: Turnover Savings from Retirements and Under-filling Positions [Procurement Operations]	-123,350	0.00
FY16 APPROVED:	4,181,749	32.90

PROGRAM SUMMARY

Program Name	FY15 Approved		FY16 Approved	
	Expenditures	FTEs	Expenditures	FTEs
Procurement Operations	0	0.00	3,049,029	23.40
Business Relations and Compliance	0	0.00	914,818	5.50
Procurement Services	0	0.00	217,902	4.00
Total	0	0.00	4,181,749	32.90

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY15		FY16	
		Total\$	FTEs	Total\$	FTEs
COUNTY GENERAL FUND					
Fleet Management Services	Motor Pool Internal Service Fund	0	0.00	37,375	0.30
Parking District Services	Bethesda Parking District	0	0.00	6,387	0.05
Parking District Services	Silver Spring Parking District	0	0.00	6,387	0.05
Solid Waste Services	Solid Waste Disposal	0	0.00	62,292	0.50
Transit Services	Mass Transit	0	0.00	24,917	0.20
Total		0	0.00	137,358	1.10

FUTURE FISCAL IMPACTS

Title	APPR. FY16	FY17	FY18	(\$000's) FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY16 Approved	4,182	4,182	4,182	4,182	4,182	4,182
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	12	12	12	12	12
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Subtotal Expenditures	4,182	4,193	4,193	4,193	4,193	4,193

ANNUALIZATION OF PERSONNEL COSTS AND FTES

	FY16 Approved		FY17 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Decrease Cost: Annualization of FY15 Personnel Costs	-26,274	0.00	-41,995	0.00
Increase Cost: Bill 14-14: Health Insurance implementation costs	96,000	1.00	102,000	1.00
Total	69,726	1.00	60,005	1.00